

In Brief: 1999 Form 5500

U.S. Department of Labor

Pension and Welfare Benefits Administration



February 2000

The Form 5500 Annual Return/Report for Employee Benefit Plans has been substantially revised and improved by the Department of Labor, Internal Revenue Service (IRS), and Pension Benefit Guaranty Corporation (PBGC) for the 1999 reporting year. This culminates a multi-year project and follows the agencies' evaluation of public comments on their 1997 proposal from employer groups, employee representatives, financial institutions, service organizations, and others. The agencies have replaced the Form 5500, Form 5500-C, and Form 5500-R with one Form 5500 to be used by all filers. The 1999 Form 5500 is a simple main form with basic identifying information and includes a checklist that guides each filer to more detailed schedules applicable to the filer's specific type of plan. This document is a summary of some of the major changes made to improve the report and the methods by which it is filed and processed. This document also includes two helpful filer guides.

** Under Title I of the Employee Retirement Income Security Act (ERISA), Title IV of ERISA, and the Internal Revenue Code, pension and other employee benefit plans are generally required to file returns/reports annually concerning, among other things, the plan's financial condition and operations. These reporting requirements can be satisfied generally by filing the Form 5500 Series in accordance with its instructions and related regulations.*

NEW "EFAST" COMPUTERIZED FILING SYSTEM

This is the start-up year for the new computerized system, called the ERISA Filing Acceptance System, or EFAST, developed by the agencies to receive and process Form 5500 returns/reports. EFAST brings several important changes that will benefit filers.

COMPUTER SCANNABLE FORMS AND ELECTRONIC FILING

Except for those who file electronically, use of computer scannable forms is mandatory for 1999 plan year reports, which generally will be due starting in July 2000. Also, for the first time all filers will file their Form 5500s with the Department of Labor's Pension

and Welfare Benefits Administration (PWBA) rather than with the IRS.

The 1999 forms are available in two computer scannable formats: **machine print** and **hand print** (the questions are the same only the appearance is different).

Filers can choose a machine print format and use computer software to complete the return/report. The machine print forms can be printed out on computer printers including data in computer scannable 2D bar codes on the bottom of each page. The machine print forms can be filed electronically or by mail (including certain private delivery services). Check the EFAST Web

site at www.efast.dol.gov in late March 2000 for updates regarding availability of machine print forms and software.

Filers can also choose a hand print format to complete their return/report by hand or typewriter. However, the hand print format can be filed only by mail (including certain private delivery services). The hand print version of the Form 5500 return/report uses special paper and special green ink that enables EFAST to scan hand and typewritten entries. The IRS will start its annual mailing of the Form 5500 package for 1999 in late February. Green ink forms will be included in the package and will also be available

24 hours a day, 7 days a week, by calling: **1-800-TAX-FORM**
(1-800-829-3676)

EFAST SOFTWARE DEVELOPERS AND TRANSMITTERS

Plans interested in using the machine print version of the Form 5500 return/report will need to use EFAST approved software. The machine print forms can be filed

electronically via approved EFAST transmitters (authorized transmitters of forms via modem). Machine print forms also may be filed by mailing a paper copy, floppy diskette, CD-ROM, or magnetic tape. We are working with private-sector companies and will post a list of approved EFAST Software Developers and EFAST Transmitters on the EFAST Web site beginning in March/April 2000.

A short application form must be filed to obtain an electronic signature to sign a Form 5500 or Form 5500-EZ being filed electronically. Companies applying to be EFAST Transmitters and EFAST Software Developers must also file the EFAST application form to get the necessary codes and authorizations.

More information is available on the EFAST Web site.

OVERVIEW OF 1999 FORM 5500 ANNUAL RETURN/REPORT

The 1999 Form 5500 is a simple main form with basic identifying information and includes a checklist that guides each filer to 13 schedules focused on particular subjects and/or filing requirements — five pension schedules, seven financial schedules, and one fringe benefit schedule. Filers will have to complete only those schedules applicable to the filer's specific type of plan.

The schedules that are new for 1999 are Schedules D, H, I, R and T; the revised schedules are Schedules A, C and G; and the schedules that have either not been revised or have undergone minimal changes are Schedules B, E, F, P and SSA. See the **Profile of the New Form 5500 Components** that follows for a description of the schedules.

This structure provides plans using simple tax qualification structures and financial operations with correspondingly streamlined annual reporting requirements, and also targets reporting requirements so that welfare plans generally complete fewer items than pension

plans and small plans (those with fewer than 100 participants) generally complete fewer items than large plans. Existing exemptions from annual reporting requirements were not changed, (see **Endnotes**) and simplified reporting options were continued for small plans.

NEW SCHEDULES

SCHEDULE D — Schedule D (DFE/Participating Plan Information) is used to report information about “direct filing entities” and participating plans. This new schedule is a key part of making the Form 5500 the standard format for DFE reporting requirements. This change will help ensure adequate reporting on the approximately \$2 trillion in plan assets held in pooled separate accounts (PSAs), common or collective trusts (CCTs), master trust investment accounts (MTIAs), 103-12 investment entities (103-12 IEs), and group insurance arrangements (GIAs). A **1999 Transition Rule** permits DFEs with a fiscal year ending in 1999 to file 1999 DFE

Form 5500s on or before October 16, 2000. Under a separate **1999 Transition Rule**, the new requirement that large plans report their percentage interests in the assets of CCTs and PSAs on their Schedule H if the CCT or PSA chooses not to file as a DFE was deferred until returns/reports for plan years beginning in 2000.

SCHEDULE H AND I — Schedule H (Financial Information for Large Plans and DFEs) and Schedule I (Financial Information for Small Plans) were developed from the financial statements in the current Form 5500 and 5500-C/R and have been retained largely as in the agencies' 1997 proposal. The proposed requirement to report amounts paid out of the plan in the form of “direct rollovers” to IRAs and other qualified plans was eliminated. Reporting on debt instruments was returned to the existing “preferred” and “other” categories. Additional guidance was provided in the instructions on reporting “deemed distributions” of participant loans, “corrective distributions” from pension plans, and

welfare plan “incurred but not reported” claims.

SCHEDULE R — Schedule R (Retirement Plan Information) was modified in response to public comments. The questions on plan distributions and funding were continued, but the requirement to report non-QJSA distributions was replaced with a requirement to report the number of single sum distributions made. The participant count questions were moved to the Form 5500.

SCHEDULE T — Schedule T (Qualified Pension Plan Coverage Information) reports information on the coverage requirements for tax-qualified plans. A space was added to the Form 5500 that allows a filer to indicate that a Schedule T is not being attached because the plan is relying on coverage testing information for a prior year under the 3-year testing cycle rule in Rev. Proc. 93-42. The employer signature requirement was eliminated for Schedule Ts attached to the plan’s Form 5500 for employers participating in plans maintained by more than one employer.

REVISED SCHEDULES

SCHEDULE A — The Schedule A (Insurance Information) is used by large and small plans and certain DFEs to report information on insurance contracts. The revisions more closely align it with Generally Accepted Accounting Principles (GAAP) on reporting investment contracts with insur-

ance companies. Reporting on types of contracts/insured benefits and on commissions and fees was broadened. As part of the shift to computer scannable forms, a separate Schedule A must be filed for each insurance contract, but Schedule A information may be reported on an insurance contract or policy year basis.

SCHEDULE C — The Schedule C (Service Provider Information) has been limited to require reporting on only the 40 top-paid service providers, and requires explanations of service provider terminations only for accountants and enrolled actuaries. The requirement to identify plan trustees annually was eliminated.

SCHEDULE G — As part of the shift to computer scannable forms, use of the Schedule G (Financial Transaction Schedules) will be mandatory for 1999 Form 5500 filings by large plans and certain DFEs to report loans, leases and fixed income obligations in default or uncollectible, and prohibited transactions. The Schedules of Assets (detailed listings of investments) and Schedule of Reportable (5%) Transactions are required for large plan filers and certain DFEs; however, computer scannable forms will not be required and the limited reporting relief proposed for transactions made at the direction of participants and beneficiaries was adopted.

SCHEDULES WITHOUT MATERIAL CHANGES

The schedules not changed materially from the 1998 versions are: Schedule B (Actuarial Information); Schedule E (ESOP Annual Information); Schedule SSA (Annual Registration Statement Identifying Separated Participants With Deferred Vested Benefits); Schedule F (Fringe Benefit Plan Annual Information Return); and Schedule P (Annual Return of Fiduciary of Employee Benefit Trust).

FEDERAL REGISTER NOTICES

The agencies are publishing a notice in the **Federal Register** announcing the adoption of the new Form 5500 return/report.

The Department of Labor will be publishing a separate Notice of Final Rulemaking announcing adoption of changes to its annual reporting regulations to conform them to the revisions made to the Form 5500, schedules and instructions.

QUICK REFERENCE CHARTS

The agencies developed two reference guides regarding the new Form 5500: **Profile of Form 5500 Components** and **Quick Reference Chart for Filing the New Form 5500**. Both are printed below.

PROFILE OF FORM 5500 COMPONENTS

Form Component	Type of Information Collection	Description
Form 5500	Overview information on type of annual return/report, type of plan, and schedules attached.	Basic information identifying the filer with checklist for attached schedules.
Schedule A	Information on contracts with insurance companies for plans and certain DFEs.	Revised by adding questions to collect better data on type and value of insurance contracts.
Schedule B	Actuarial information on defined benefit pension plans.	Minor revisions to update for 1999 requirements.
Schedule C	Information on service providers for large plans and certain DFEs.	Limited to 40 highest paid service providers, eliminated list of trustees, and limited termination notice to accountants and enrolled actuaries.
Schedule D	Information on participation in certain pooled investment/insurance arrangements (CCTs, PSAs, MTIAs, 103-12 IEs and GIAs).	New standardized form for reporting information about Direct Filing Entities (DFEs) and participating plans.
Schedule E	Information on ESOP plans.	No material revisions.
Schedule F	Information on fringe benefit plans.	No material revisions.
Schedule G	Information on nonexempt transactions and loans, leases and fixed income investments in default/uncollectible for large plans and certain DFEs.	Streamlining current schedules of loans, leases, fixed income obligations in default/uncollectible and nonexempt transactions. (Note: Schedules of assets and reportable (5%) transactions are required to be filed, but not on computer scannable forms.)
Schedule H	Financial statements and related information for large plans and DFEs.	New schedule streamlining large plan financial questions on current Form 5500 and consolidating them into a separate schedule.
Schedule I	Financial statements and related information for small plans.	New schedule streamlining small plan financial questions on current Form 5500-C/R and consolidating them into a separate schedule.
Schedule P	Tax exempt pension trust files to start IRS statute of limitations.	No material revisions.
Schedule R	Information on pension plans including plan distributions and funding requirements.	New schedule revising pension plan questions on current Form 5500 and Form 5500-C/R and consolidating them into a separate schedule.
Schedule T	Information on pension plan tax qualification requirements.	New schedule revising tax qualification questions on current Form 5500 and Form 5500-C/R and consolidating them into a separate schedule that can be filed in accordance with the 3-year testing cycle under Rev. Proc. 93-42.
Schedule SSA	Information required by Social Security Administration for pension plans on separated participants with rights to future benefits.	No material revisions.

QUICK REFERENCE CHART FOR FILING THE NEW FORM 5500¹

	Large Pension Plan	Small Pension Plan	Large Welfare Plan	Small Welfare Plan	DFE ²	Fringe Benefit Plan
Schedule A (Insurance Information)	Must complete if plan has insurance contracts.	Must complete if plan has insurance contracts.	Must complete if plan has insurance contracts.	Must complete if plan has insurance contracts.	Must complete if MTIA, 103-12 IE or GIA has insurance contracts.	Not required.
Schedule B (Actuarial Information)	Must complete if defined benefit plan and subject to minimum funding standards.	Must complete if defined benefit plan and subject to minimum funding standards.	Not required.	Not required.	Not required.	Not required.
Schedule C (Service Provider Information)	Must complete if service provider was paid \$5,000 or more and/or an accountant or actuary was terminated.	Not required.	Must complete if service provider was paid \$5,000 or more and/or an accountant or actuary was terminated.	Not required.	MTIAs, GIAs and 103-12 IEs must complete Part I if service provider paid \$5,000 or more. GIAs and 103-12 IEs must complete Part II if accountant was terminated.	Not required.
Schedule D (DFE/Participating Plan Information)	Must complete Part I if plan participates in a CCT, PSA, MTIA, or 103-12 IE.	Must complete Part I if plan participates in a CCT, PSA, MTIA, or 103-12 IE.	Must complete Part I if plan participates in a CCT, PSA, MTIA, or 103-12 IE.	Must complete Part I if plan participates in a CCT, PSA, MTIA, or 103-12 IE.	All DFEs must complete Part II, and DFEs that invest in CCT, PSA, or 103-12 IE must also complete Part I.	Not required.
Schedule E (ESOP Information)	Must complete if ESOP.	Must complete if ESOP.	Not required.	Not required.	Not required.	Not required.
Schedule F (Fringe Benefit Plan Information)	Not required.	Not required.	Not required.	Not required.	Not required.	Must complete.
Schedule G (Financial Schedules)	Must complete if Schedule H, lines 4b, 4c, or 4d are "Yes." ³	Not required.	Must complete if Schedule H, lines 4b, 4c, or 4d are "Yes." ^{3,4}	Not required.	MTIAs, GIAs and 103-12 IEs must complete if Schedule H, lines 4b, 4c, or 4d are "Yes." ³	Not required.
Schedule H (Large Plan and DFE Financial Information)	Must complete.	Not required.	Must complete. ⁴	Not required.	All DFEs must complete Parts I, II & III. MTIAs, 103-12 IEs, and GIAs must also complete Part IV.	Not required.
Schedule I (Small Plan Financial Information)	Not required.	Must complete.	Not required.	Must complete. ⁴	Not required.	Not required.
Schedule P (Annual Return of Fiduciary)	Must file to start running of statute of limitations under Code section 6501(a).	Must file to start running of statute of limitations under Code section 6501(a).	Not required.	Not required.	Not required.	Not required.
Schedule R (Retirement Plan Information)	Must complete unless plan is neither a defined benefit plan nor subject to Code section 412 or ERISA section 302 and no benefits were distributed during the plan year.	Must complete unless plan is neither a defined benefit plan nor subject to Code section 412 or ERISA section 302 and no benefits were distributed during the plan year.	Not required.	Not required.	Not required.	Not required.
Schedule SSA (Statement Identifying Separated Participants With Deferred Vested Benefits)	Must complete if plan had separated participants with deferred vested benefits to report.	Must complete if plan had separated participants with deferred vested benefits to report.	Not required.	Not required.	Not required.	Not required.
Schedule T (Qualified Pension Plan Information)	Must complete if qualified plan unless permitted to rely on coverage testing information for prior year.	Must complete if qualified plan unless permitted to rely on coverage testing information for prior year.	Not required.	Not required.	Not required.	Not required.
Accountant's Report	Must attach.	Not required.	Must attach.	Not required.	Must attach for a GIA or 103-12 IE.	Not required.

¹ This chart provides only general guidance. Not all rules and requirements are reflected. Refer to specific Form 5500 instructions and regulations for complete information.

² DFE (Direct Filing Entity) includes: bank common or collective trusts (CCTs) and insurance company pooled separate accounts (PSAs)(29 CFR 2520.103-3 and 103-4) that choose to file information on behalf of their participating plans; master trust investment accounts (MTIAs)(29 CFR 2520.103-1(e); investment entities filing under 29 CFR 2520.103-12 (103-12 IEs); and group insurance arrangements (GIAs) filing under 29 CFR 2520.103-2 and 104-43.

³ Schedules of assets and reportable (5%) transactions also must be filed with the Form 5500 if Schedule H, lines 4i or 4j are "Yes," but use of scannable form not required.

⁴ Unfunded, fully insured and combination unfunded/insured welfare plans covering fewer than 100 participants at the beginning of the plan year that meet the requirements of 29 CFR 2520.104-20 are exempt from filing an annual report. Such a plan with 100 or more participants must file an annual report, but is exempt under 29 CFR 2520.104-44 from the accountant's report requirement and completing Schedule H, but MUST complete Schedule G, Part III, to report any nonexempt transactions.

ENDNOTES

Certain employee benefit plans are exempt from the annual reporting requirements described in this Quick Reference Guide or are eligible for limited reporting options.

Some of the major classes of plans exempt from filing a Form 5500 include:

- Unfunded, fully insured or combination unfunded/insured welfare plans covering fewer than 100 participants at the beginning of the plan year that meet the requirements of 29 CFR 2520.104-20. (Such a plan with 100 or more participants is exempt from Schedule H and the accountant's report requirement, but would need to complete Schedule G, Part III, to report nonexempt transactions. See 29 CFR 2520.104-44).
- Unfunded excess benefit plans.
- Certain Code § 403(b) arrangements described in 29 CFR 2510.3-2(f) (certain other Code § 403(b)(1) and 403(b)(7) arrangements described in the Form 5500 instruction are eligible for limited reporting).
- Certain unfunded "top hat" pension plans and unfunded or insured welfare plans for a select group of management or highly compensated employees that meet the requirements of 29 CFR 2520.104-23 and 104-24.
- Pension plans maintained outside the U.S. that are qualified foreign plans within the meaning of Code § 404A(e) that do not qualify for the treatment provided in Code § 402(e)(5).
- Welfare plans maintained outside the U.S. primarily for persons substantially all of whom are nonresident aliens.
- Savings Incentive Match Plans For Employees of Small Employers (SIMPLEs) involving SIMPLE-IRAs.
- Simplified Employee Pensions (SEPs) that comply with 29 CFR 2520.104-48 or 104-49.
- Governmental plans.
- Church pension plans not electing coverage under Code § 410(d) and all church welfare plans.
- Apprenticeship or training plans meeting the requirements of 29 CFR 2520.104-22.
- Plans maintained solely for the purpose of complying with workers' compensation, unemployment compensation or disability insurance laws.

This brochure provides only general guidance. Not all rules or requirements are reflected. See the instructions to the Form 5500 and accompanying regulations for detailed information on annual reporting requirements and exemptions.

For a complete list of PWBA publications, call the toll-free Publication Hotline at: 1-800-998-7542.

For additional information about EFAST, see www.efast.dol.gov

This booklet constitutes a small entity compliance guide for purposes of the Small Business Regulatory Enforcement Fairness Act of 1996.